

Message Text

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ACTION EB-07

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E.O. 11652: N/A
TAGS: EAIR, PL
SUBJECT: CIVAIR: LOT REQUEST FOR FOURTH FREQUENCY

REF: STATE 030931

1. DCM DELIVERED EMBASSY NOTE FEBRUARY 14 CONVEYING INFORMATION IN THE REFTEL TO THE AMERICAN DESK OFFICER AT THE POLISH FOREIGN MINISTRY. IN A SUBSEQUENT DISCUSSION HE REFERRED TO STATEMENTS MADE IN THE COURSE OF THE 1972 NEGOTIATIONS BY MR GIERALTOWSKI, CHIEF POLISH NEGOTIATOR, IN WHICH SPECIFIC ASSURANCES WERE GIVEN US THAT LOT WOULD SELL TICKETS FOR PANAM IN ZLOTYS ON THE ENTIRE PANAM ROUTE NETWORK. GIERALTOWSKI'S STATEMENTS MADE ON MAY 24, 1972, AND MAY 31, 1972, WERE READ TO PAWLISZEWSKI AND WOJTOWICZ, THE LATTER OF WHOM WAS PRESENT DURING THE 1972 NEGOTIATIONS.

2. THE POLES RESPONDED THAT LOT WAS CURRENTLY DISCUSSING THE POSSIBILITY OF SELLING TICKETS FOR PANAM BEYOND NEW YORK FOR ZLOTYS WITH THE MINISTRY OF FINANCE AND THE POLISH NATIONAL BANK, WHOSE REGULATIONS CONSTITUTED THE ROAD-BLOCK TO PROGRESS ON THIS QUESTION. THEY SAID THAT THE GRANTING OF A FOURTH FREQUENCY IN THE SUMMER OF 1975 TO LOT WOULD GREATLY STRENGTHEN LOT'S HAND IN THESE NEGOTIATIONS.

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3. OUR RESPONSE WAS THAT PANAM INTENDED TO INITIATE FLIGHTS FROM CHICAGO ON FEBRUARY 27 AND IT WAS THEREFORE IMPORTANT THAT THE QUESLPON OF ZLOTY SALES TO POINTS OTHER THAN NEW YORK BE RESOLVED BEFORE MARCH 1, I.E., BEFORE THE DATE ON WHICH OUR RESPONSE TO THEIR REQUEST FOR A FOURTH FREQUENCY WAS DUE. AN OPINION WAS OFFERED THAT POLISH WILLINGNESS TO LIVE UP TO THEIR OBLIGATIONS CONCERNING ZLOTY TICKET SALES WOULD HAVE A LARGE INFLUENCE ON OUR DECISION ON THE FOURTH FREQUENCY QUESTION.

4. THE POLES THEN NOTED THAT PANAM'S INTENTION TO FLY FROM CHICAGO WOULD PUT LOT AT A COMPETITIVE DISADVANTAGE, AND STRESSED THEIR CONTINUING DISAPPOINTMENT AT OUR INABILITY TO GRANT CHICAGO RIGHTS TO LOT.

5. THE DCM RESPONDED THAT CHICAGO SEEMED OUT OF THE QUESTION FOR THE FORESEEABLE FUTURE AND THAT LOT COULD EASILY REMEDY ANY SUPPOSED COMPETITIVE DISADVANTAGE

BY OBTAINING FOR ITSELF, FROM ITS OWN FINANCIAL AUTHORITIES, THE RIGHT TO SELL TICKETS ON TO CHICAGO OR OTHER U.S. POINTS IN ZLOTYS, UTILIZING CONNACTING CARRIERS IN NEW YORK.

6. THE POLES THEN POINTED OUT THAT A LITERAL INTERPRETATION OF THE AGREEMENT TO WRITE ZLOTY TICKETS ON THE WHOLE PANAM NETWORK WOULD OBLIGATE LOT TO UNDERWRITE PANAM FLIGHTS FROM ROME TO AUSTRALIA OR OTHER SEGMENTS NOT TOUCHING THE U.S. AND THAT THIS WOULD REPRESENT AN INSUPPORTABLE DRAIN ON POLAND'S SCARCE FOREIGN EXCHANGE. WE RESPONDED THAT THE POLISH COMMITMENT TO DO JUST THAT SEEMED UNEQUIVOCAL AND WE EXPECTED THAT HAD SOME COUNTER-PROPOSAL TO MAKE INVOLVING THE LIMITATION OF ZLOTY TICKETS TO U.S. DESTINATIONS, THEY SHOULD FORMULATE IT AND PROPOSE IT TO US. AS TO THE ALLEGATION THAT PANAM'S RIGHTS TO FLY FROM CHICAGO UNBALANCED THE AGREEMENT, WE FOUND IT UNACCEPTABLE. THEY NEED ONLY CONSIDER WHAT THE SITUATION WOULD BE WERE IT TWA, WITH ITS LARGE INTERNAL US NETWORK, WHICH HAD THE RIGHTS TO WARSAW, WITH POLISH LOGIC LOT WOULD HAVE TO BE GRANTED THE RIGHTS TO 15 OR 16 U.S. CITES IN EXCHANGE.

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WE SIMPLY DID NOT CALCULATE COMPARABILITY IN THESE TERMS.

7. THE POLES INDICATED THAT LOT EXPECTED TO HAVE CONSULTATIONS WITH PANAM AT THE END OF THIS MONTH AND THAT THE WHOLE QUESTION OF ZLOTY TICKETS MIGHT THEN BE RESOLVED. THE DCM RESPONDED THAT WE WELCOMED ANY CONSULTATIONS THE TWO AIRLINES CHOSE TO UNDERTAKE, BUT THAT THE U.S. POSITION REMAINED THAT RESOLUTION

OF THE ZLOTY TICKET-SALES QUESTION TO THE SATISFACTION
OF THE UNITED STATES GOVERNMENT BEFORE MARCH 1 WOULD BE
AN IMPORTANT FACTOR IN THE DECISION
WHETHER OR NOT TO PERMIT LOT A FOURTH FREQUENCY IN
THE SUMMER OF 1975, AND THAT THIS DECISION WOULD
FINALLY BE MADE BY THE U.S. GOVERNMENT AND NOT BY
PAN AMERICAN.

8. DESPITE THEIR AWARENESS OF PAN AM'S INTENTION
TO FLY SEVEN WEEKLY FREQUENCIES THIS SUMMER, AT NO
TIME DURING THE LENGTHY DISCUSSION DID THE POLES GIVE
ANY INDICATION THAT THEY INTEND TO CALL
FOR CONSULTATIONS ON CAPACITY UNDER ARTICLE 12 OF THE BILATERAL.
DAVIES

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